

BEAUGRAND TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDING
MARCH 31, 2006

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Beaugrand Township	County Cheboygan
Fiscal Year End March 31, 2006	Opinion Date August 22, 2006	Date Audit Report Submitted to State September 1, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

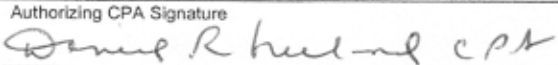
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Daniel R. Nieland C.P.A.		Telephone Number 231-627-4396	
Street Address 201 South Main Street		City Cheboygan	State MI
		Zip 49721	
Authorizing CPA Signature 	Printed Name Daniel R. Nieland C.P.A.		License Number 12250

DANIEL R. NIELAND

CERTIFIED PUBLIC ACCOUNTANT

201 SOUTH MAIN STREET
CHEBOYGAN, MICHIGAN 49721
(231) 627-4396
FAX: (231) 627-6594

MEMBER
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
AND
MICHIGAN ASSOCIATION OF CERTIFIED
PUBLIC ACCOUNTANTS

Supervisor and Members Of
The Township Board of Trustees
Beaugrand Township
Cheboygan County, Michigan 49721

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, of Beaugrand Township, as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of government activities, each major fund and the aggregate remaining fund information of Beaugrand Township as of March 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally in the United States of America.

As described in the footnotes, Beaugrand Township has implemented a new financial reporting model, as required by the provisions of *GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*, as amended and interpreted as of March 31, 2006.

The Management's Discussion and Analysis, and budgetary comparison information on pages 4 through 6 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Beaugrand Township's basic financial statements. The schedules listed as other supplemental information in the accompanying table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of Beaugrand Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, based on my audit, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



CERTIFIED PUBLIC ACCOUNTANT

August 22, 2006
Cheboygan, Michigan 49721

BEAUGRAND TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING MARCH 31, 2006

The Management's Discussion and Analysis for Beaugrand Township covers the Township's financial performance during the year ended March 31, 2006.

Financial Highlights

Our financial status remained stable over the last year. Net assets increased from \$559,153 to \$597,744 for an increase of \$38,591.

Overall revenue was \$176,558. State equalized value increased by approximately \$3,014,710. We incurred no new debt.

Overview of Financial Statements

This annual report consists of three parts, Management's Discussion and Analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

Entity-Wide Financial Statements

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

BEAUGRAND TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING MARCH 31, 2006

Entity-Wide Financial Statements (continued)

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity, you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All activities of the Township are reported as governmental activities, and there are no business type activities. Governmental activities include the General Fund, Fire Fund, Road Fund and Liquor Law Enforcement Fund.

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's funds, focusing on significant funds and not the Township as a whole. In the section for other supplement information, the General Fund revenue and expenditures are shown on the line item basis. Funds are used to account for specific activities or funding sources. Law requires some funds. The Township Board may also create them. Funds are established to account for funding and spending financial resources and to show proper expenditures of those resources.

The Township has the following funds:

Governmental Funds: All of the Township's activities are included in the governmental fund category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental funds include the General Fund, Fire Fund, Road Fund and Liquor Law Enforcement Fund.

Financial Analysis of the Township as a Whole

Our cash position in all governmental activities remains strong. Year-end cash position of all funds is as follows:

General Fund	\$273,560
Fire Fund	48,348
Road Fund	91,645
Liquor Law Enforcement Fund	<u>3,775</u>
Total Government Fund Cash	<u>\$417,328</u>

BEAUGRAND TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING MARCH 31, 2006

Financial Analysis of the Township's Funds

Individual fund balances remain solid, as indicated by year-end balance and net change reflected below:

	Balance March 31, <u>2005</u>	Balance March 31, <u>2006</u>	Increase (Decrease)
General Fund	\$246,579	\$271,888	\$ 25,309
Fire Fund	47,356	51,129	3,773
Road Fund	72,924	91,645	18,721
Liquor Law Enforcement Fund	<u>3,835</u>	<u>3,775</u>	<u>(60)</u>
	<u>\$370,694</u>	<u>\$418,437</u>	<u>\$ 47,743</u>

Capital Assets and Long-Term Debt Activity

The Township's total capital outlay in governmental funds was \$7,787. There was no long-term debt activity either new borrowing or principal repayment.

Factors Affecting Future Operations

We anticipate steady growth of tax revenue. Our cash balance is for the possible improvements to existing Township facilities. Road Funds are for future road projects and at this time are unidentified. We continue to operate under the assumption that long-range State funding is uncertain. We, therefore, believe that a healthy fund balance is essential to the Township's financial health.

Contacting the Township's Management

This financial report is designed to provide our citizens, taxpayers, and other interested parties with a general overview of Beaugrand Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Beaugrand Township at 1999 Old Mackinaw Road, Cheboygan, Michigan 49721.

GENERAL PURPOSE FINANCIAL STATEMENTS

BEAUGRAND TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
STATEMENT OF NET ASSETS
FOR THE YEAR ENDING MARCH 31, 2006

	<u>Primary Government Government Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash Checking	\$ 61,440
Cash Savings	222,637
Cash Certificates	133,251
Taxes Receivable	5,842
Accounts Receivable	<u>228</u>
Total Current Assets	<u>423,398</u>
NON-CURRENT ASSETS:	
CAPITAL ASSETS:	
Land	13,807
Buildings	209,297
Equipment and Furniture	36,523
Accumulated Depreciation	<u>(80,320)</u>
Total Non-Current Assets	<u>179,307</u>
Total Assets	<u>\$602,705</u>
LIABILITIES:	
Accounts Payable	\$ 3,281
Payroll Taxes Due	<u>1,680</u>
Total Liabilities	<u>4,961</u>
NET ASSETS:	
Invested in Capital Asset, Net of Related Debt	179,307
Unrestricted	<u>418,437</u>
TOTAL NET ASSETS	<u>\$597,744</u>

The accompanying notes are an integral
part of these financial statements.

BEAUGRAND TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING MARCH 31, 2006

					Net (Expense) Revenue And Changes In <u>Net Assets</u>
					<u>Primary Government</u>
	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>	<u>Capital Grants And Contributions</u>	<u>Government Activities</u>
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES:					
Legislative	\$ 22,388	\$ 0	\$ 0	\$ 0	\$ (22,388)
Elections	0	0	0	0	0
General Services and Administration	67,146	8,041	0	0	(59,105)
Public Safety	31,889	0	0	0	(31,889)
Public Works	<u>16,544</u>	<u>2,281</u>	<u>0</u>	<u>0</u>	<u>(14,263)</u>
TOTAL GOVERNMENT ACTIVITIES	<u>137,967</u>	<u>10,322</u>	<u>0</u>	<u>0</u>	<u>(127,645)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$137,967</u>	<u>\$ 10,322</u>	<u>\$ 0</u>	<u>\$ 0</u>	(127,645)
GENERAL REVENUES:					
Taxes					75,717
State Shared Revenues					81,974
Interest					8,545
TRANSFERS					<u>0</u>
TOTAL GENERAL REVENUES AND TRANSFERS					166,236
CHANGE IN NET ASSETS					38,591
NET ASSETS - BEGINNING					<u>559,153</u>
NET ASSETS - ENDING					<u>\$597,744</u>

The accompanying notes are an integral
part of these financial statements.

BEAUGRAND TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
BALANCE SHEET
FOR THE YEAR ENDING MARCH 31, 2006

	General <u>Fund</u>	Fire <u>Fund</u>	Liquor Law Enforcement <u>Fund</u>	Road <u>Fund</u>	Total Government <u>Funds</u>
ASSETS:					
Cash Checking	\$ 9,317	\$ 48,348	\$ 3,775	\$ 0	\$ 61,440
Cash Savings	130,992	0	0	91,645	222,637
Cash Certificates of Deposit	133,251	0	0		133,251
Accounts Receivable	228	0	0	0	228
Taxes Receivable	<u>3,061</u>	<u>2,781</u>	<u>0</u>	<u>0</u>	<u>5,842</u>
TOTAL ASSETS	<u>\$276,849</u>	<u>\$ 51,129</u>	<u>\$ 3,775</u>	<u>\$ 91,645</u>	<u>\$423,398</u>
LIABILITIES AND FUND BALANCE:					
LIABILITIES:					
Accounts Payable	\$ 3,281	\$ 0	\$ 0	\$	\$ 3,281
Payroll Taxes Due	<u>1,680</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,680</u>
Total Liabilities	<u>4,961</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,961</u>
FUND BALANCE:					
General Fund	271,888	0	0	0	271,888
Fire Fund	0	51,129	0	0	51,129
Road Fund	0	0	0	91,645	91,645
Liquor Fund	<u>0</u>	<u>0</u>	<u>3,775</u>	<u>0</u>	<u>3,775</u>
Total Fund Balance	<u>271,888</u>	<u>51,129</u>	<u>3,775</u>	<u>91,645</u>	<u>418,437</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$276,849</u>	<u>\$ 51,129</u>	<u>\$ 3,775</u>	<u>\$ 91,645</u>	<u>\$423,398</u>

The accompanying notes are an integral
part of these financial statements.

BEAUGRAND TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDING MARCH 31, 2006

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS	\$418,437
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Amounts reported for governmental activities in the
Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	<u>179,307</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$597,744</u>
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BEAUGRAND TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDING MARCH 31, 2006

	General <u>Fund</u>	Fire <u>Fund</u>	Liquor Law Enforcement <u>Fund</u>	Road <u>Fund</u>	Total Government <u>Funds</u>
REVENUE:					
Taxes	\$ 40,611	\$ 34,528	\$ 578	\$ 0	\$ 75,717
State Shared Revenue	81,974	0	0	0	81,974
Interest	5,344	424	72	2,705	8,545
Rentals and Other	8,041	0	0	0	8,041
Special Assessments	<u>2,281</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,281</u>
Total Revenue	<u>138,251</u>	<u>34,952</u>	<u>650</u>	<u>2,705</u>	<u>176,558</u>
EXPENDITURES:					
Legislative	22,388	0	0	0	22,388
General & Administrative	57,994	0	0	0	57,994
Public Safety	0	31,179	710	0	31,889
Highways, Streets & Bridges	<u>2,254</u>	<u>0</u>	<u>0</u>	<u>14,290</u>	<u>16,544</u>
Total Expenditures	<u>82,636</u>	<u>31,179</u>	<u>710</u>	<u>14,290</u>	<u>128,815</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	55,615	3,773	(60)	(11,585)	47,743
OTHER FINANCIAL SOURCES:					
Transfer To Other Funds	(30,306)	0	0	0	(30,306)
Transfer From Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>30,306</u>	<u>30,306</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (OVER) UNDER EXPENDITURES AND OTHER USES	25,309	3,773	(60)	18,721	47,743
FUND BALANCE – BEGINNING	<u>246,579</u>	<u>47,356</u>	<u>3,835</u>	<u>72,924</u>	<u>370,694</u>
FUND BALANCE - ENDING	<u>\$271,888</u>	<u>\$ 51,129</u>	<u>\$ 3,775</u>	<u>\$ 91,645</u>	<u>\$418,437</u>

The accompanying notes are an integral
part of these financial statements.

BEAUGRAND TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING MARCH 31, 2006

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS	\$ 47,743
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Depreciation Expense	<u>\$ 9,152</u>	<u>9,152</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$ 38,591</u>

BEAUGRAND TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
FOR THE YEAR ENDING MARCH 31, 2006

	Current Tax Collection <u>Fund</u>
ASSETS:	
Cash	\$ <u>534</u>
TOTAL ASSETS	\$ <u>534</u>
 LIABILITIES:	
Due Other Funds	\$ <u>534</u>
TOTAL LIABILITIES	\$ <u>534</u>

The accompanying notes are an integral
part of these financial statements.

BEAUGRAND TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING MARCH 31, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Beaugrand in Cheboygan, Michigan, have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) which do not conflict with or contradict GASB pronouncements. The more significant of these accounting policies established in GAAP and used by the Township are described below.

(1) REPORTING ENTITY

Beaugrand Township is an incorporated Township, which operates under a Supervisor – Board form of government. The Township provides the following services: public safety, highways and streets, sanitation, public improvements and general administrative services.

The Township has considered all potential component units in valuating how to define the Township for financial reporting purposes. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Statement 14 of the Government Accounting Standards Board (GASB), *The Financial Reporting Entity*. The basic criteria includes the appointment of a voting majority of the governing board of the unit; legal separation of the Township and the component unit, fiscal independence of the unit, whether exclusion of the unit would make the Township's financial statements misleading, and whether there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Township. There are no component units to be included in these statements.

The financial reporting entity of Beaugrand Township includes all funds and accounts of the Township.

(2) BASIC FINANCIAL STATEMENTS – GOVERNMENT -WIDE FINANCIAL STATEMENTS

Beaugrand Township's basic financial statements include both government -wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government -wide and fund financial statements categorize primary activities as either governmental or business -type. The township's legislative, public works, public safety, community and economic development, recreation and culture and general services and administration are classified as governmental activities. Beaugrand Township does not have any activity that is classified as business -type activities.

BEAUGRAND TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING MARCH 31, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In the government -wide Statement of Net Assets, both the governmental activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The government -wide Statement of Activities reports both the gross and net cost of each of Beaugrand Township's functions. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating – specific and discretionary (either operating or capital) grants while the capital grants column reflects capital – specific grants. The net costs (by function or business-type activity) are normally covered by general revenue.

The government -wide focus is more on the sustainability of Beaugrand Township as an entity and the change in net assets resulting from the current year's activities. The effect of interfund activities has been removed from these statements.

(3) BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Township:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Township:

BEAUGRAND TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING MARCH 31, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- General Fund – General Fund is the general operating fund and, accordingly, it is used to account for all financial resources except those required to be accounted for in another fund.
- Fire Fund – The Fire Fund is used to account for financial resources to be used for expenditures related to fire protection through contributions to Inverness Fire Department.
- Road Fund – The Road Fund is used to account for resources to be used for road development and improvement. Revenues are transferred from the General Fund.
- Liquor Law Enforcement Fund – This is a State mandated fund to fund liquor establishment inspection.

The Township's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition, these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the Township, these funds are not incorporated into the government -wide statements.

(4) BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government -wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider has been met.

BEAUGRAND TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING MARCH 31, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified basis of accounting, revenues are recorded when they are both measurable and available. "Available" means collectible within the current period or within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

(5) FINANCIAL STATEMENT AMOUNTS

Budgets

All governmental funds are under formal budgetary control. Budgets shown in the financial statements as "GAAP Basis" are adopted on a basis consistent with generally accepted accounting principles (GAAP) and are not significantly different from the modified accrual basis used to reflect actual results, and consist only of those amounts contained in the formal budget approved and amended by the Township Board. Budgets are adopted on the departmental level and control is exercised on that level.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of five years.

All capital assets are valued historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their fair value on the date donated. Depreciation on all exhaustible capital assets is charged as an expense against their operations in government-wide statements and proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Land Improvements	20 years
Building, Structures and Improvements	39 years
Equipment	5-12 years

BEAUGRAND TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING MARCH 31, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

Property Taxes

Property taxes are levied as of December 1 of each year and are due by the last day of the following March. The taxes are collected by the local unit and periodically remitted to the third parties during the collection period.

Interfund Activity

All interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Vacation and Sick Leave

The Township has no liability for accumulated vacation or sick leave.

Implementation of New Accounting Principles

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – And Management’s Discussion And Analysis – For State And Local Governments* (GASB No. 34). Some of the significant changes in the Statement include the following:

- For the first time the financial statements include:

A Management Discussion and Analysis (MD&A) section providing an analysis of the Township’s overall financial position and results of operations.

Financial statements prepared using full accrual accounting for the entire Townships’ activities.

A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

BEAUGRAND TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING MARCH 31, 2006

NOTE B – CASH ACCOUNTS AND SHORT-TERM INVESTMENTS

The Township as utilized separate bank accounts for each fund, details are shown below:

	<u>Checking</u>	<u>Savings</u>	<u>Certificates Of Deposit</u>
General	\$ 9,317	\$130,992	\$181,362
Road	0	91,645	0
Fire	3,774	0	0
Liquor	<u>48,349</u>	<u>0</u>	<u>0</u>
	<u>\$ 61,440</u>	<u>\$222,637</u>	<u>\$181,362</u>

These deposits and interest payment accounts are with local financial institutions. All accounts are in the name of the Township. Interest is recorded when deposits mature or is credited to the applicable account.

Michigan Compiled Laws Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions and savings and loan associations; bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities or guaranteed by the Government National Mortgage Association; United States government or Federal Agency obligation repurchase agreements; banker's acceptance of United States banks; mutual funds composed of investment vehicles which are legal or direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which mature no more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion Number 6168 states that public funds may not be deposited in the financial institutions located in states other than Michigan.

The Township deposits are in accordance with statutory authority. The Governmental Account Standards Board (GASB) Statement Number 3 risk disclosures for the Township cash deposit are as follows:

BEAUGRAND TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING MARCH 31, 2006

NOTE B – COMMON CASH ACCOUNTS AND SHORT-TERM INVESTMENTS
(continued)

<u>Deposits</u>	<u>Carrying Amount</u>
Insurance (FDIC)	\$333,250
Uninsured	<u>132,189</u>
	<u>\$465,439</u>

NOTE C – CAPITAL ASSETS

A summary of the capital assets of the Governmental Activities is as follows:

	Balance at April 1, <u>2005</u>	<u>Additions</u>	<u>Disposals</u>	Balance at March 31, <u>2006</u>
GOVERNMENTAL ACTIVITIES:				
Land	\$ <u>13,807</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>13,807</u>
Total Capital Assets, Not Being Depreciated	<u>13,807</u>	<u>0</u>	<u>0</u>	<u>13,807</u>
Buildings and Improvements	209,297	0	0	209,297
Furniture and Equipment	<u>28,736</u>	<u>7,787</u>	<u>0</u>	<u>36,523</u>
Total Capital Assets Being Depreciated	<u>238,033</u>	<u>7,787</u>	<u>0</u>	<u>245,820</u>
Less Accumulated Depreciation:				
Buildings	62,789	5,232	0	68,021
Furniture and Equipment	<u>8,380</u>	<u>3,919</u>	<u>0</u>	<u>12,299</u>
Total Accumulated Depreciation	<u>71,169</u>	<u>9,151</u>	<u>0</u>	<u>80,320</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u><u>\$180,671</u></u>	<u><u>\$ (1,364)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$179,307</u></u>

BEAUGRAND TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING MARCH 31, 2006

NOTE C – CAPITAL ASSETS (continued)

A depreciation expense for the governmental activities was charged to the following functions and activities of the primary government:

General and Administrative	<u>\$ 9,152</u>
	<u><u>\$ 9,152</u></u>

NOTE D - TRANSFERS

The following transfers were made between funds:

	<u>Transfers In</u>		<u>Transfers Out</u>
Road Fund	<u>\$ 30,306</u>	General Fund	<u>\$ 30,306</u>
Total	<u><u>\$ 30,306</u></u>	Total	<u><u>\$ 30,306</u></u>

NOTE E – CONTINGENT LIABILITIES

Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and nature disasters. The Township has obtained commercial insurance to handle its risk of loss.

GENERAL FUND

BEAUGRAND TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
GENERAL FUND
STATEMENT OF DETAILED REVENUES
FOR THE YEAR ENDING MARCH 31, 2006

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Taxes:			
Current Property Tax	\$ 31,062	\$ 31,431	\$ 369
Property Tax Administration Fees	<u>8,500</u>	<u>9,180</u>	<u>680</u>
	<u>39,562</u>	<u>40,611</u>	<u>1,049</u>
State Shared Revenues:			
Sales, Income, SBT and Intangibles Tax	75,000	78,671	3,671
Swamp Tax	<u>3,300</u>	<u>3,303</u>	<u>3</u>
	<u>78,300</u>	<u>81,974</u>	<u>3,674</u>
Interest	<u>3,000</u>	<u>5,344</u>	<u>2,344</u>
	<u>3,000</u>	<u>5,344</u>	<u>2,344</u>
Special Assessments	<u>0</u>	<u>2,281</u>	<u>2,281</u>
	<u>0</u>	<u>2,281</u>	<u>2,281</u>
Miscellaneous:			
Rent	3,000	3,625	625
Other	<u>4,550</u>	<u>4,416</u>	<u>(134)</u>
	<u>7,550</u>	<u>8,041</u>	<u>491</u>
TOTAL REVENUES	<u>\$128,412</u>	<u>\$138,251</u>	<u>\$ 9,839</u>

The accompanying notes are an integral part of these financial statements.

BEAUGRAND TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
GENERAL FUND
STATEMENT OF DETAILED EXPENDITURES
FOR THE YEAR ENDING MARCH 31, 2006

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES:			
Legislative:			
Township Board:			
Wages and Salaries	\$ 7,700	\$ 7,620	\$ 80
Office Supplies	1,500	668	832
Local Grants	3,000	500	2,500
Printing and Publishing	500	261	239
Memberships and Dues	900	866	34
Transportation	300	130	170
Employer's Social Security	3,800	3,714	86
Insurance	3,100	2,792	308
Miscellaneous – Cleanup Day	5,550	5,062	488
Education	300	275	25
Professional Fees	<u>800</u>	<u>500</u>	<u>300</u>
Total Legislative	<u>27,450</u>	<u>22,388</u>	<u>5,062</u>
General and Administrative Services:			
Assessor:			
Salary and Wages	10,000	9,850	150
Computer Support	350	320	30
Education	<u>1,050</u>	<u>1,025</u>	<u>25</u>
Total Assessor	<u>11,400</u>	<u>11,195</u>	<u>205</u>
Executive:			
Supervisor:			
Salary and Wages	8,000	7,958	42
Transportation	750	687	63
Education	300	90	210
Office Supplies	<u>100</u>	<u>1</u>	<u>99</u>
Total Supervisor	<u>9,150</u>	<u>8,736</u>	<u>414</u>

The accompanying notes are an integral part of these financial statements.

BEAUGRAND TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
GENERAL FUND
STATEMENT OF DETAILED EXPENDITURES
FOR THE YEAR ENDING MARCH 31, 2006

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES: (continued)			
General and Administrative Services:			
Clerk:			
Salary and Wages	\$ 7,600	\$ 7,458	\$ 142
Office Supplies	400	0	400
Transportation	400	66	334
Computer Support	<u>650</u>	<u>389</u>	<u>261</u>
Total Clerk	<u>9,050</u>	<u>7,913</u>	<u>1,137</u>
Board of Review:			
Salary and Wages	1,500	1,350	150
Printing and Publishing	400	352	48
Transportation	50	0	50
Education	<u>200</u>	<u>0</u>	<u>200</u>
Total Board of Review	<u>2,150</u>	<u>1,702</u>	<u>448</u>
Elections:			
Election Supplies	<u>250</u>	<u>0</u>	<u>250</u>
Total Elections	<u>250</u>	<u>0</u>	<u>250</u>
Treasurer:			
Salary and Wages	9,700	9,472	228
Office Supplies	2,000	118	1,882
Transportation	300	291	9
Computer Support	450	315	135
Printing and Publishing	100	0	100
Miscellaneous	<u>50</u>	<u>0</u>	<u>50</u>
Total Treasurer	<u>12,600</u>	<u>10,196</u>	<u>2,404</u>

BEAUGRAND TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
GENERAL FUND
STATEMENT OF DETAILED EXPENDITURES
FOR THE YEAR ENDING MARCH 31, 2006

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES: (Continued)			
General and Administrative Services:			
Township Hall:			
Salary and Wages	\$ 3,700	\$ 3,580	\$ 120
Supplies	400	288	112
Utilities	4,000	2,722	1,278
Repairs and Maintenance	1,500	696	804
Telephone	1,000	851	149
Contracted Services	3,500	2,328	1,172
Capital Outlay	<u>10,000</u>	<u>7,787</u>	<u>2,213</u>
Total Township Hall	<u>24,100</u>	<u>18,252</u>	<u>5,848</u>
Total General and Administrative Services	<u>68,700</u>	<u>57,994</u>	<u>10,706</u>
PUBLIC WORKS:			
Highways, Streets and Bridges:			
Repairs and Maintenance	6,000	1,845	4,155
Street Lighting	<u>500</u>	<u>409</u>	<u>91</u>
Total Public Works	<u>6,500</u>	<u>2,254</u>	<u>4,246</u>
TOTAL EXPENDITURES	<u>102,650</u>	<u>82,636</u>	<u>20,014</u>
TRANSFER OUT	<u>30,306</u>	<u>30,306</u>	<u>0</u>
TOTAL EXPENDITURES AND TRANSFERS	<u>\$132,956</u>	<u>\$112,942</u>	<u>\$ 20,014</u>

SPECIAL REVENUE FUNDS

BEAUGRAND TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
FOR YEAR ENDING MARCH 31, 2006

ASSETS

	<u>Fire Fund</u>	Liquor Law Enforcement <u>Fund</u>	<u>Road Fund</u>	<u>Total</u>
ASSETS:				
Cash	\$ 48,348	\$ 3,775	\$ 91,645	\$143,768
Taxes Receivable	<u>2,781</u>	<u>0</u>	<u>0</u>	<u>2,781</u>
TOTAL ASSETS	<u>\$ 51,129</u>	<u>\$ 3,775</u>	<u>\$ 91,645</u>	<u>\$146,549</u>

LIABILITIES AND FUND EQUITY

LIABILITIES:				
Accounts Payable	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
TOTAL LIABILITIES	<u>\$ <u>0</u></u>	<u>\$ <u>0</u></u>	<u>\$ <u>0</u></u>	<u>\$ <u>0</u></u>
FUND EQUITY:				
Fund Balance:				
Unreserved, and Undesignated	<u>\$ 51,129</u>	<u>\$ 3,775</u>	<u>\$ 91,645</u>	<u>\$146,549</u>
TOTAL FUND EQUITY	<u>51,129</u>	<u>3,775</u>	<u>91,645</u>	<u>146,549</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 51,129</u>	<u>\$ 3,775</u>	<u>\$ 91,645</u>	<u>\$146,549</u>

The accompanying notes are an integral
part of these financial statements.

BEAUGRAND TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
FOR THE YEAR ENDING MARCH 31, 2006

	Fire <u>Fund</u>	Liquor Law Enforcement <u>Fund</u>	Road <u>Fund</u>	<u>Total</u>
REVENUE:				
Taxes	\$ 34,528	\$ 578	\$ 0	\$ 35,106
Interest	<u>424</u>	<u>72</u>	<u>2,705</u>	<u>3,201</u>
Total Revenue	<u>34,952</u>	<u>650</u>	<u>2,705</u>	<u>38,307</u>
EXPENDITURES:				
Public Safety	31,179	710	0	31,889
Public Works	<u>0</u>	<u>0</u>	<u>14,290</u>	<u>14,290</u>
Total Expenditures	<u>31,179</u>	<u>710</u>	<u>14,290</u>	<u>46,179</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,773	(60)	(11,585)	(7,872)
OTHER FINANCING SOURCES				
Operating Transfer In	<u>0</u>	<u>0</u>	<u>30,306</u>	<u>30,306</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	3,773	(60)	18,721	22,434
FUND BALANCE – BEGINNING OF YEAR	<u>47,356</u>	<u>3,835</u>	<u>72,924</u>	<u>124,115</u>
FUND BALANCES – END OF YEAR	<u>\$ 51,129</u>	<u>\$ 3,775</u>	<u>\$ 91,645</u>	<u>\$146,549</u>

The accompanying notes are an integral
part of these financial statements.

FIRE FUND

BEAUGRAND TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
FIRE FUND
BALANCE SHEET
FOR THE MARCH 31, 2006

ASSETS

Cash	\$ 48,348
Taxes Receivable	<u>2,781</u>
TOTAL ASSETS	<u>\$ 51,129</u>

LIABILITIES AND FUND EQUITY

Accounts Payable	\$ <u>0</u>
TOTAL LIABILITIES	<u>0</u>
FUND EQUITY:	
Fund Equity:	
Unreserved, Undesignated	<u>51,129</u>
TOTAL FUND EQUITY	<u>51,129</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 51,129</u>

BEAUGRAND TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDING MARCH 31, 2006

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Taxes	\$ 33,050	\$ 34,528	\$ 1,478
Interest	<u>250</u>	<u>424</u>	<u>174</u>
Total Revenue	33,300	34,952	1,652
EXPENDITURES:			
Public Safety:			
Fire Protection	30,375	30,307	68
Salaries	900	810	90
Payroll Taxes	<u>70</u>	<u>62</u>	<u>8</u>
Total Expenditures	<u>31,345</u>	<u>31,179</u>	<u>166</u>
EXCESS OF REVENUES AND EXPENDITURES	<u>\$ 1,955</u>	3,773	<u>\$ 1,818</u>
FUND BALANCES – BEGINNING		<u>47,356</u>	
FUND BALANCES – ENDING		<u>\$ 51,129</u>	

LIQUOR LAW ENFORCEMENT FUND

BEAUGRAND TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
LIQUOR LAW ENFORCEMENT FUND
BALANCE SHEET
FOR THE YEAR ENDING MARCH 31, 2006

ASSETS

Cash	\$ <u>3,775</u>
TOTAL ASSETS	\$ <u>3,775</u>

LIABILITIES AND FUND EQUITY

Accounts Payable	\$ <u>0</u>
Total Liabilities	0
FUND EQUITY:	
Fund Balance:	
Unreserved, Undesignated	<u>3,775</u>
TOTAL FUND EQUITY	<u>3,775</u>
TOTAL LIABILITIES AND FUND EQUITY	\$ <u>3,775</u>

BEAUGRAND TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
LIQUOR LAW ENFORCEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDING MARCH 31, 2006

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUE:			
Taxes:			
Liquor Licenses	\$ 575	\$ 578	\$ 3
Interest	<u>50</u>	<u>72</u>	<u>22</u>
Total Revenue	<u>625</u>	<u>650</u>	<u>25</u>
EXPENDITURES:			
Law Enforcement:			
Salary	660	660	0
Payroll Taxes	<u>55</u>	<u>50</u>	<u>5</u>
Total Expenditures	<u>715</u>	<u>710</u>	<u>5</u>
EXCESS OF EXPENDITURES OVER REVENUE	<u>\$ (90)</u>	(60)	<u>\$ 30</u>
FUND BALANCE – BEGINNING		<u>3,835</u>	
FUND BALANCE – ENDING		<u>\$ 3,775</u>	

ROAD FUND

BEAUGRAND TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
ROAD FUND
BALANCE SHEET
FOR THE YEAR ENDING MARCH 31, 2006

ASSETS

Cash	<u>\$ 91,645</u>
TOTAL ASSETS	<u>\$ 91,645</u>

LIABILITIES AND FUND EQUITY

Accounts Payable	<u>\$ 0</u>
TOTAL LIABILITIES	<u>0</u>
FUND EQUITY:	
Fund Balance:	
Unreserved, Undesignated	<u>91,645</u>
TOTAL FUND EQUITY	<u>91,645</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 91,645</u>

BEAUGRAND TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
ROAD FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDING MARCH 31, 2006

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Interest	<u>\$ 2,000</u>	<u>\$ 2,705</u>	<u>\$ 705</u>
TOTAL REVENUE	<u>2,000</u>	<u>2,705</u>	<u>705</u>
EXPENDITURES:			
Public Works	<u>40,000</u>	<u>14,290</u>	<u>25,710</u>
TOTAL EXPENDITURES	<u>40,000</u>	<u>14,290</u>	<u>25,710</u>
EXCESS OF REVENUES OVER EXPENDITURES	(38,000)	(11,585)	26,415
TRANSFERS IN	<u>30,306</u>	<u>30,306</u>	<u>0</u>
EXCESS OF REVENUES OVER EXPENDITURES AFTER TRANSFERS	<u>\$ (7,694)</u>	18,721	<u>\$ 26,415</u>
FUND BALANCE – BEGINNING		<u>72,924</u>	
FUND BALANCE – ENDING		<u>\$ 91,645</u>	

OTHER

DANIEL R. NIELAND

CERTIFIED PUBLIC ACCOUNTANT

201 SOUTH MAIN STREET
CHEBOYGAN, MICHIGAN 49721
(231) 627-4396
FAX: (231) 627-6594

MEMBER
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
AND
MICHIGAN ASSOCIATION OF CERTIFIED
PUBLIC ACCOUNTANTS

August 22, 2006

Township Board
Beaugrand Township
Cheboygan County, Michigan

Re: Comments and Recommendations

I have examined the general purpose financial statements of Beaugrand Township, Cheboygan County, for the year ended March 31, 2006, and have issued my report thereon dated August 22, 2006.

This report and accompanying recommendations are intended solely for the use of management and should not be used for any other purpose.

I make the following recommendations:

1. After the last audit, a comment was made regarding unfavorable budget variances. Positive action was taken to correct this; as a result, there were no unfavorable budget variances in expenditures.
2. For the next required audit year ending March 30, 2008, a listing of assets acquired should be maintained so that the depreciation schedule can be updated.

I would like to compliment Terri Sarrault and Janice Girard for the excellent job done as Clerk and Treasurer. Also, the Board as a whole should be proud of their stewardship of public funds, as evidenced by the strong financial position of the Township.

Beaugrand Township

Page 2

August 22, 2006

I look forward to working with your Township in the future.

Sincerely,

A handwritten signature in cursive script, appearing to read "Daniel R. Nieland".

Daniel R. Nieland, C.P.A.

DRN/jb